

109TH CONGRESS  
2D SESSION

# H. R. 5474

To create a commission to study the proper response of the United States  
to the growth of Internet gambling.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 24, 2006

Mr. PORTER (for himself, Mr. GIBBONS, Ms. BERKLEY, Mr. LOBIONDO, Mr. WEINER, Mr. JACKSON of Illinois, Mr. DAVIS of Illinois, Mr. CARDOZA, Mr. RUPPERSBERGER, Mr. CLYBURN, Mr. CAPUANO, Ms. WATSON, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. LINDA T. SÁNCHEZ of California, Ms. CORRINE BROWN of Florida, Mr. CONYERS, Mr. RANGEL, Mr. HASTINGS of Florida, Mr. FRANK of Massachusetts, Mr. HINCHEY, Mrs. JONES of Ohio, Mr. CLAY, Mrs. NAPOLITANO, Mr. THOMPSON of Mississippi, Mr. SERRANO, Mr. CROWLEY, Mr. ENGEL, Mr. TAYLOR of Mississippi, Mr. LANGEVIN, Mr. EMANUEL, Mr. MELANCON, Mr. LEWIS of Georgia, Mr. TOWNS, Ms. LORETTA SANCHEZ of California, Mr. ISRAEL, Mr. GONZALEZ, Mr. BERMAN, Mrs. MALONEY, Mr. THOMPSON of California, Mr. COSTELLO, Ms. SCHAKOWSKY, Mr. ACKERMAN, Mr. WEXLER, and Ms. JACKSON-LEE of Texas) introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

To create a commission to study the proper response of  
the United States to the growth of Internet gambling.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act shall be known as the “Internet Gambling  
3 Study Commission Act”.

4 **SEC. 2. FINDINGS AND PURPOSE.**

5 (a) FINDINGS.—The Congress finds as follows:

6 (1) Gambling is regulated primarily by State  
7 and tribal governments and Federal statutes gov-  
8 erning the interstate placement of wagers are out-  
9 dated.

10 (2) Over the past decade, the number of Ameri-  
11 cans gambling on the Internet has risen dramatically  
12 to several million, accounting for over half of a  
13 multibillion dollar worldwide market.

14 (3) Many observers believe that it is impossible  
15 to stop the sale of most products or services over the  
16 Internet.

17 (4) Congress must avoid merely symbolic, inef-  
18 fective responses to the growth of Internet gambling,  
19 and should instead focus on establishing safeguards  
20 against gambling by minors, compulsive gambling,  
21 and fraud, money laundering, and other forms of  
22 abuse.

23 (5) Although interpretations of a recent ruling  
24 of the World Trade Organization’s appellate body  
25 differ, legal experts agree that it calls into question  
26 whether certain of Federal and State gambling laws

1       violate the commitments of the United States under  
2       the General Agreement on Trade and Services.

3           (6) While only the United States and Antigua  
4       are parties to that dispute, the ruling could have  
5       ramifications for interested nations from the United  
6       Kingdom to Australia.

7       (b) PURPOSE.—The purpose of this Act is provide for  
8       a detailed examination of the issues posed by the contin-  
9       ued spread and growth of interstate commerce with re-  
10      spect to Internet gambling through the establishment of  
11      a commission for such purpose.

12   **SEC. 3. INTERNET GAMBLING STUDY COMMISSION.**

13       (a) ESTABLISHMENT OF COMMISSION.—There is es-  
14      tablished a commission to be known as the Internet Gam-  
15      bling Study Commission (hereinafter in this Act referred  
16      to as the “Commission”).

17       (b) MEMBERSHIP.—

18           (1) APPOINTMENT.—The Commission shall con-  
19      sist of 9 members appointed as follows:

20           (A) 2 shall be appointed by the Speaker of  
21      the House of Representatives.

22           (B) 2 shall be appointed by the minority  
23      leader of the House of Representatives.

24           (C) 2 shall be appointed by the majority  
25      leader of the Senate.

1 (D) 2 shall be appointed by the minority  
2 leader of the Senate.

3 (E) 1 shall be appointed by consensus by  
4 the 8 commissioners appointed in accordance  
5 with subparagraphs (A), (B), (C), and (D).

6 (2) TERM.—Commissioners shall be appointed  
7 for the life of the Commission.

8 (3) ELIGIBILITY FOR MEMBERSHIP.—The mem-  
9 bers of the Commission—

10 (A) shall be appointed from among individ-  
11 uals who, by virtue of their education, training,  
12 or experience in matters to be studied by the  
13 Commission under section 4 are especially  
14 qualified to serve on the Commission; and

15 (B) may be from the public or private sec-  
16 tor, and may include Federal, State, local, or  
17 Native American tribal officers or employees,  
18 members of academia, nonprofit organizations,  
19 industry, or other interested individuals.

20 (4) CONSULTATION AND TIMELY APPOINTMENT  
21 REQUIRED.—The Speaker of the House of Rep-  
22 resentatives, the minority leader of the House of  
23 Representatives, the majority leader of the Senate,  
24 and the minority leader of the Senate shall—

1 (A) consult among themselves prior to the  
2 appointment of the members of the Commission  
3 in order to achieve, to the maximum extent pos-  
4 sible, fair and equitable representation of var-  
5 ious points of view with respect to the matters  
6 to be studied by the Commission under section  
7 4; and

8 (B) each make their respective appoint-  
9 ments not later than 60 days after the date of  
10 enactment of this Act.

11 (5) VACANCY.—Any vacancy in the position of  
12 any Commissioner shall be filled in the same manner  
13 in which the original appointment was made and  
14 shall not affect the powers of the Commission

15 (c) CHAIRPERSON.—The member of the Commission  
16 appointed under subsection (b)(1)(E) shall serve as the  
17 Chairperson of the Commission.

18 (d) ADMINISTRATION.—

19 (1) MEETINGS.—

20 (A) IN GENERAL.—The Commission shall  
21 meet at the call of the Chairperson.

22 (B) INITIAL MEETING.—The initial meet-  
23 ing of the Commission shall be conducted before  
24 the end of the later of—

1 (i) the 30-day period beginning on the  
2 date of the appointment of the last mem-  
3 ber of the Commission; or

4 (ii) the 30-day period beginning on  
5 the date on which appropriated funds be-  
6 come available for the Commission.

7 (2) QUORUM.—A majority of the members of  
8 the Commission shall constitute a quorum to con-  
9 duct business, but the Commission may establish a  
10 lesser number for conducting hearings scheduled by  
11 the Commission.

12 (3) VOTING.—Each member of the Commission  
13 shall have 1 vote, and the vote of each member shall  
14 be accorded the same weight.

15 (4) RULES.—The Commission may establish by  
16 majority vote any other rules for the conduct of the  
17 Commission's business, if such rules are not incon-  
18 sistent with this Act or other applicable law.

19 (e) COMPENSATION.—

20 (1) IN GENERAL.—Each member of the Com-  
21 mission who is not an officer or employee of the  
22 Federal Government, or whose compensation is not  
23 precluded by a State, local, or Native American trib-  
24 al government position, shall be compensated at a  
25 rate equal to the daily equivalent of the annual rate

1 of basic pay prescribed for level IV of the Executive  
2 Schedule under section 5315 of title 5, United  
3 States Code, for each day (including travel time)  
4 during which such member is engaged in the per-  
5 formance of the duties of the Commission.

6 (2) PROHIBITION OF COMPENSATION OF FED-  
7 ERAL EMPLOYEES.—All members of the Commission  
8 who are officers or employees of the United States  
9 shall serve without compensation in addition to that  
10 received for their services as officers or employees of  
11 the United States.

12 (f) TRAVEL EXPENSES.—The members of the Com-  
13 mission shall be allowed travel expenses, including per  
14 diem in lieu of subsistence, at rates authorized for employ-  
15 ees of agencies under subchapter I of chapter 57 of title  
16 5, United States Code, while away from their homes or  
17 regular places of business in the performance of service  
18 for the Commission.

19 **SEC. 4. DUTIES OF THE COMMISSION.**

20 (a) STUDY REQUIRED.—

21 (1) IN GENERAL.—It shall be the duty of the  
22 Commission to conduct a comprehensive study of  
23 Internet gambling, including the existing legal  
24 framework that governs such activities and trans-  
25 actions.

1           (2) ISSUES TO BE CONSIDERED.—The study  
2           conducted under paragraph (1) shall include a re-  
3           view and consideration by the Commission of the fol-  
4           lowing issues:

5                   (A) Existing Federal, State, tribal, local,  
6                   and international laws governing various forms  
7                   of wagering over the Internet, the effectiveness  
8                   of such laws, and the extent to which such pro-  
9                   visions of law conform or do not conform with  
10                  each other.

11                  (B) The rate and extent of the expansion  
12                  of Internet gambling, including an analysis of  
13                  the availability and use within the United  
14                  States of such form of gambling.

15                  (C) The impact of Internet gambling on  
16                  the availability of gambling to minors.

17                  (D) The impact of Internet gambling on  
18                  addicted or otherwise irresponsible gamblers.

19                  (E) The susceptibility of Internet gambling  
20                  to fraud and money laundering by terrorist or  
21                  criminal enterprises and the extent to which  
22                  such entities are utilizing Internet gambling  
23                  sites for these purposes.

24                  (F) An assessment of whether there are  
25                  potential regulatory measures that may reduce



1 the adverse impacts of Internet gambling iden-  
2 tified in subparagraphs (C), (D), and (E), in-  
3 cluding a survey of recent technological innova-  
4 tions and the practices of other nations and  
5 international bodies that are designed to limit  
6 such adverse impacts.

7 (G) An evaluation of the use of credit,  
8 credit cards, electronic fund transfers, bank in-  
9 struments, and other payment providers to fund  
10 Internet gambling and an assessment of the po-  
11 tential, if any, for regulating of such financing  
12 methods as a means for reducing the adverse  
13 impacts of Internet gambling identified in sub-  
14 paragraphs (C), (D), and (E).

15 (H) An analysis of the issues of the rela-  
16 tionships of Federal, State, and tribal laws that  
17 are presented by legislative and administrative  
18 proposals designed to address the proliferation  
19 of Internet gambling and the potential means of  
20 reconciling State-based legal and regulatory  
21 frameworks with the primarily interstate and  
22 international character of the Internet as a me-  
23 dium.

24 (I) An assessment of the problems posed  
25 by unregulated international Internet gambling

1 to United States interests and the potential  
2 means, if any, by which the Federal Govern-  
3 ment may seek international cooperation in ad-  
4 dressing these concerns.

5 (b) FINAL REPORT.—Before the end of the 18-month  
6 period beginning on the date the Commission first meets  
7 with a quorum present, the Commission shall—

8 (1) submit to the President and the Congress a  
9 comprehensive report containing the findings and  
10 conclusions of the Commission with regard to the  
11 study conducted under subsection (a), together with  
12 such recommendations, if any, for legislative or ad-  
13 ministrative action as the Commission may deter-  
14 mine to be appropriate and advisable, on the basis  
15 of such findings and conclusions, to provide a sound  
16 response to Internet gambling in the United States;  
17 and

18 (2) transmit a copy of such report to the Gov-  
19 ernor or chief executive officer of each State and  
20 Native American tribal government.

21 **SEC. 5. POWERS OF THE COMMISSION.**

22 (a) HEARINGS.—

23 (1) IN GENERAL.—The Commission may hold  
24 such hearings, sit and act at such times and places,  
25 administer such oaths, take such testimony, and re-

1       ceive such evidence as the Commission considers ad-  
2       visable to carry out its duties under this Act.

3               (2) WITNESS EXPENSES.—Witnesses requested  
4       to appear before the Commission shall be paid the  
5       same fees as are paid to witnesses under section  
6       1821 of title 28, United States Code, from funds ap-  
7       propriated to the Commission.

8       (b) SUBPOENAS.—

9               (1) IN GENERAL.—If a person fails to supply  
10      information requested by the Commission, the Com-  
11      mission may by majority vote require by subpoena  
12      the production of any written or recorded informa-  
13      tion, document, report, answer, record, account,  
14      paper, computer file, or other data or documentary  
15      evidence from any place withing the United States  
16      that the Commission determines is necessary to  
17      carry out this Act.

18              (2) NOTICE TO ATTORNEY GENERAL.—The  
19      Commission shall transmit to the Attorney General  
20      a confidential, written notice at least 10 days in ad-  
21      vance of the issuance of any such subpoena.

22              (3) INTERROGATORIES.—The Commission may,  
23      with respect only to information necessary to under-  
24      stand any materials obtained through a subpoena  
25      under paragraph (1), issue a subpoena requiring the

1 person producing such materials to answer, either  
2 through a sworn deposition or through written an-  
3 swers provided under oath (at the election of the  
4 person upon whom the subpoena is served), to inter-  
5 rogatories from the Commission regarding such in-  
6 formation. A complete recording or transcription  
7 shall be made of any deposition made under this  
8 paragraph.

9 (4) CERTIFICATION.—Each person who submits  
10 materials or information to the Commission pursu-  
11 ant to a subpoena issued under this subsection shall  
12 certify, subject to the provisions of section 1001 of  
13 title 18, United States Code, to the Commission the  
14 authenticity and completeness of all materials or in-  
15 formation submitted.

16 (5) NO LIABILITY FOR EXPENSES.—The United  
17 States shall not be liable for any expense, other than  
18 any witness appearance fee described in subsection  
19 (a)(2), incurred in connection with the production of  
20 books, papers, records, or other data under this sub-  
21 section.

22 (6) SERVICE OF PROCESS.—Service of any sub-  
23 poena issued under this subsection may be by reg-  
24 istered mail or in such other manner calculated to

1 give actual notice as the Commission may prescribe  
2 by regulation.

3 (7) CONTUMACY OR REFUSAL.—

4 (A) REFERRAL TO ATTORNEY GENERAL.—

5 In case of contumacy by a person issued a sub-  
6 poena under this subsection or a refusal by  
7 such person to obey such subpoena, the Com-  
8 mission shall refer the matter to the Attorney  
9 General.

10 (B) JURISDICTION OF COURT.—To compel  
11 compliance with a subpoena issued under this  
12 subsection, the Attorney General may invoke  
13 the aid of any court of the United States within  
14 the jurisdiction of which—

15 (i) the person required to produce the  
16 documents or answer an interrogatory is  
17 an inhabitant; or

18 (ii) the person required to produce  
19 documents or answer an interrogatory car-  
20 ries on business or may be found.

21 (C) COURT ORDER.—The court may issue  
22 an order requiring the person summoned to  
23 produce books, papers, records, and other data  
24 or to answer an interrogatory, and to pay the  
25 costs of the proceeding.

1 (D) FAILURE TO COMPLY WITH ORDER.—

2 Any failure to obey the order of the court may  
3 be punished by the court as a contempt thereof.

4 (c) INFORMATION FROM FEDERAL AGENCIES.—

5 (1) IN GENERAL.—The Commission may secure  
6 directly from any Federal department or agency  
7 such information as the Commission considers nec-  
8 essary to carry out its duties under this Act.

9 (2) REQUEST TO HEAD OF DEPARTMENT OR  
10 AGENCY.—Upon the request of the Commission, the  
11 head of such department or agency may furnish  
12 such information to the Commission.

13 (d) ADMINISTRATIVE SUPPORT.—Upon the request  
14 of the Commission, the Administrator of General Services  
15 shall provide to the Commission, on a reimbursable basis,  
16 the administrative support services necessary for the Com-  
17 mission to carry out its responsibilities under this Act.

18 (e) CONTRACT AUTHORITY.—To the extent or in the  
19 amounts provided in advance in appropriation Acts, the  
20 Commission may contract with and compensate govern-  
21 ment and private agencies or persons for research con-  
22 tracts under section 7 and other services, without regard  
23 to section 3709 of the Revised Statutes.

24 (f) MAILS.—The Commission may use the United  
25 States mails in the same manner and under the same con-

1 ditions as other departments and agencies of the United  
2 States.

3 (g) CONFIDENTIALITY.—

4 (1) TREATMENT OF COMMISSION.—The Com-  
5 mission shall be considered an agency of the Federal  
6 Government for purposes of section 1905 of title 18,  
7 United States Code, and any individual employed by  
8 an individual, entity, or organization under contract  
9 to the Commission under this Act shall be consid-  
10 ered an employee of the Commission for the pur-  
11 poses of section 1905 of title 18, United States  
12 Code.

13 (2) NONDISCLOSURE.—Information obtained by  
14 the Commission, other than information available to  
15 the public, shall not be disclosed to any person in  
16 any manner, except—

17 (A) to any Commission employee or any  
18 employee of any person under contract to the  
19 Commission for the purpose of receiving, re-  
20 viewing, or processing such information;

21 (B) upon a lawful of any court of com-  
22 petent jurisdiction; or

23 (C) when publicly released by the Commis-  
24 sion, in an aggregate or summary form that  
25 does not directly or indirectly disclose—

- 1 (i) the identity of any person; or  
2 (ii) any information which could not  
3 be released under section 1905 of title 18,  
4 United States Code.

5 **SEC. 6. STAFF OF COMMISSION; EXPERTS AND CONSULT-**  
6 **ANTS.**

7 (a) DIRECTOR.—The Chairman of the Commission  
8 may appoint an Executive Director for the Commission,  
9 subject to the confirmation of a majority of the members  
10 of the Commission.

11 (b) STAFF.—Subject to rules prescribed by the Com-  
12 mission, the Chairperson may appoint and fix the pay of  
13 such additional personnel as the Chairperson considers ap-  
14 propriate.

15 (c) APPLICABILITY OF CERTAIN CIVIL SERVICE  
16 LAWS.—The Director and staff of the Commission may  
17 be appointed without regard to the provisions of title 5,  
18 United States Code, governing appointments in the com-  
19 petitive service, and may be paid without regard to the  
20 provisions of chapter 51 and subchapter III of chapter 53  
21 of that title relating to classification and General Schedule  
22 pay rates, except that an individual so appointed may not  
23 receive pay in excess of the annual rate of basic pay for  
24 level V of the Executive Schedule under section 5316 of  
25 such title.



1 (d) EXPERTS AND CONSULTANTS.—The Chairman of  
 2 the Commission may procure temporary and intermittent  
 3 services under section 3109(b) of title 5, United States  
 4 Code, at rates for individuals not to exceed the daily equiv-  
 5 alent of the annual rate of basic pay prescribed for level  
 6 V of the Executive Schedule under section 5316 of such  
 7 title.

8 **SEC. 7. CONTRACTS FOR RESEARCH.**

9 (a) ADVISORY COMMISSION ON INTERGOVERN-  
 10 MENTAL RELATIONS.—

11 (1) IN GENERAL.—In carrying out the require-  
 12 ments of section 4, the Commission shall seek to  
 13 contract with the Advisory Commission on Intergov-  
 14 ernmental Relations for—

15 (A) a thorough review and cataloging of all  
 16 applicable Federal, State, local, and Native  
 17 American tribal laws, regulations, and ordi-  
 18 nances that pertain to gambling in the United  
 19 States; and

20 (B) assistance in conducting the studies  
 21 required by the Commission under section 4(a),  
 22 and in particular the review and assessments  
 23 required in subparagraphs (A), (F), (H), and  
 24 (I) of paragraph (2) of such section.

1           (2) REPORT.—Any contract entered into under  
2       paragraph (1) shall require the Advisory Commis-  
3       sion on Intergovernmental Relations to submit a re-  
4       port to the Commission detailing the results of the  
5       Advisory Commission’s efforts under the contract  
6       not later than 12 months after the date upon which  
7       the Commission first meets with a quorum present.

8       (b) NATIONAL RESEARCH COUNCIL.—

9           (1) IN GENERAL.—In carrying out the require-  
10      ments of section 4, the Commission shall seek to  
11      contract with the National Research Council of the  
12      National Academy of Sciences for assistance in con-  
13      ducting the studies required by the Commission  
14      under section 4(a).

15          (2) REPORT.—Any contract entered into under  
16      paragraph (1) shall require the National Research  
17      Council of the National Academy of Sciences to sub-  
18      mit a report to the Commission detailing the results  
19      of the Council’s efforts under the contract not later  
20      than 12 months after the date upon which the Com-  
21      mission first meets with a quorum present.

22      (c) OTHER ORGANIZATIONS.—No provision of this  
23      Act shall be construed as limiting the authority of the  
24      Commission to enter into contracts with any other person

1 for research necessary to carry out the Commission's du-  
2 ties under this Act.

3 **SEC. 8. TERMINATION.**

4       The Commission shall cease to exist at the end of  
5 the 60-day period beginning on the date the final report  
6 under section 4(b) is submitted to the President and the  
7 Congress.

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